

PRIVATE ACTIVITY BOND AUTHORITY BOARD MEETING

Department of Community and Culture
Division of Housing and Community Development
Salt Lake City, UT

MINUTES

Thursday, October 16, 2008

Members Present

Gordon D. Walker (Chairman)
Edward T. Alter
Steve Rawlings
Lee Gardner
Arthur Hunter
Kyle Kershaw
Doug Clark

Representing

Department of Community and Culture
State Treasurer
Davis County
Salt Lake County
Sandy City
South Salt Lake City
Governor's Office of Economic Development

Members Excused

William H. Erickson
Marlon O. Snow
Tom Hardy
Blake Frazier

Representing

Utah Housing Corporation
Utah State Board of Regents
Bountiful City
Summit County

Staff and Visitors

Roxanne Graham
Sanobi Johnson
John Brereton
Kirsten Stewart
Mike Clark
Richard Davis
Kip Sheppard
David Lund
Jay Minnick
Dave Miner
Lee Stephenson
Paul Hatch
Craig DeMordount
Kevin Corless
David Baus
Dan Lofgren
Grant Whitaker
Ryan Warburton
Misty Deakin
Blaine Carlton

Housing and Community Development
Housing and Community Development
Affordable Housing Solutions
Housing and Community Development
West Ridge Investment
Board of Regents
Wasatch Advantage Group
Wasatch Advantage Group
Miller Development
MBCI
Action Target
Printech
GE Capital
GE Capital
Village Development
Cowboy Partners
Utah Housing Corporation
Ballard Spahr
Miller Development
Ballard Spahr

WELCOME AND INTRODUCTIONS

The Private Activity Bond Authority (PAB) Board Meeting was held in Salt Lake City, Utah, at the Department of Community and Culture and called to order at 9:06 a.m., by Gordon D. Walker, Chairman.

APPROVAL OF MINUTES

Chairman Walker requested a motion to approve the minutes of June 25, 2008.

Steve Rawlings moved and Arthur Hunter seconded a motion to approve the minutes of June 25, 2008. The motion carried unanimously with Edward Alter absent from the vote.

STATUS OF ACCOUNTS

Chairman Walker reviewed the status of the 2008 volume cap, a total of \$13,703,750, available in the Pool Account. He also noted the allocation of an additional \$96,550,479 in volume cap from the Housing and Economic Recovery Act passed in July 2008. These funds will be used for multi-family housing projects. The entire volume cap needs to be allocated by December 31, 2008. Any remaining balance can be carryforwarded, but only for a period of two years instead of the usual three. If all projects are funded today it will use the remaining 2008 volume cap in the pool account, and a portion of the HERA Account.

Account	Beginning Balance	Application Requests	Remaining Balance
Pool Account	\$13,703,750	\$13,703,750	\$0
HERA Account	\$96,550,479	\$17,596,250	\$78,954,229

Edward Alter joined the meeting at this point.

VOLUME CAP ALLOCATION REQUESTS

Manufacturing – Printing Technologies, Inc.

Printing Technologies, Inc. requested \$2,000,000 total volume cap allocation from the Pool Account for reimbursement of a machinery acquisition. The applicant indicated (page 9) there would be new construction, but this is not indicated in the construction costs (page 11) of the application.

John Brereton provided an overview for this project and stated there is no equity contribution. Financing for the bonds has been arranged with an interest rate of 5%.

The Board asked the applicant what the relationship is between the broker and the investor. The applicant stated there are discussions with the corporation and they have submitted a commitment letter as of August 5, 2008, for the bonds. The applicant is hopeful the bonds will close in November. The Board reminded all the applicants of manufacturing projects that their bonds **must** close by the third Saturday (20th) in December.

Kyle Kershaw moved and Lee Gardner seconded a motion to approve the volume cap allocation of \$2,000,000 for Printing Technologies, Inc. The motion carried unanimously.

Manufacturing – West Ridge Investment, LLC

West Ridge Investment, LLC, requested \$3,500,000 total volume cap allocation from the Pool Account for new construction and equipment.

John Brereton provided an overview for this project. The company provides industrial flooring for commercial and industrial buildings. The applicant is confident they can close their bonds by year-end.

GE Capital stated there are no issues with closing the bonds by year-end.

Lee Gardner moved and Steve Rawlings seconded a motion to approve the volume cap allocation of \$3,500,000 for West Ridge Investment, LLC. The motion carried unanimously.

Multi-Family – Bingham Junction Apartments

Wasatch Advantage Group, LLC, requested \$17,800,000 total volume cap allocation from the Pool Account to construct Bingham Junction Apartments, a 214-unit apartment complex.

John Brereton provided an overview for this project. This is an affordable project with all the amenities. The applicant has changed the unit mix and therefore the cost of the project has changed; the total is \$25,600,000.

The applicant stated the reason for the change in unit mix was because of the growing need for three-bedroom units.

Edward Alter moved and Arthur Hunter seconded a motion to approve the volume cap allocation of \$17,800,000 for Wasatch Advantage Group, LLC. The motion carried unanimously.

VOLUME CAP ADDITIONAL ALLOCATION REQUEST

Multi-Family – Timber Gate Apartments

Miller Development requested \$8,000,000 additional volume cap allocation from the Pool Account due to a spike in interest rates and credit tightening resulting in US Bank withdrawing its letter of credit enhancement for both the construction and permanent loan. The bank later amended its proposal to reflect enhancement of the bonds for just the construction and lease-up period.

John Brereton provided an overview for this project. Key Bank is the purchaser of the tax credits and John has confirmed their commitment to holding the purchase rate at \$.97 on the dollar.

The applicant stated they are waiting for a commitment on the bonds from Freddie Mac and Key Bank has committed to finance a land loan for this project. They are hoping to close on the bonds at the beginning of February 2009.

The Board asked if PAB does not fund this extension request would the project fail. The applicant stated yes it would. The Board also asked if Herriman City had approved the zoning, which, the applicant stated in the affirmative.

Lee Gardner moved and Steve Rawlings seconded a motion to approve the additional volume cap allocation of \$8,000,000 for Miller Development. The motion carried unanimously.

VOLUME CAP EXTENSIONS

Miller Development

Miller Development requested a first extension on the \$17,000,000 volume cap allocation for the Timber Gate Apartments project approved by the PAB Board in June 2008.

Steve Rawlings moved and Arthur Hunter seconded a motion to approve the first extension on the volume cap of \$17,000,000 for Miller Development. The motion carried unanimously.

Willow Creek Retirement Community

Village Development, LLC, requested a second extension on the \$11,800,000 volume cap allocation for the Willow Creek Retirement Community project approved by the PAB Board in April 2008.

Lee Gardner moved and Doug Clark seconded a motion to approve the second extension on the volume cap of \$11,800,000 for Village Development, LLC. The motion carried unanimously.

Cowboy Partners, L.C.

Cowboy Partners, L.C., requested a third extension on the \$11,000,000 volume cap allocation for the Liberty Station Apartments approved by the PAB Board in January 2008.

Kyle Kershaw moved and Edward Alter seconded a motion to approve the third extension on the volume cap of \$11,000,000 for Cowboy Partners, L.C. The motion carried unanimously.

Action Commercial Park

Action Commercial Park, a manufacturing facility of shooting range equipment and comprehensive firearms training, located in Provo, Utah, requested a third extension on the \$9,000,000 volume cap allocation for their manufacturing expansion.

The applicant stated they sold Action Target Inc., in May, to a private equity group which held up the progression on this project, but they have broken ground and commenced construction on the project. In spite of losing their original letter of credit due to market instability, they are working with U.S. Bank to get their bonds close.

Arthur Hunter moved and Doug Clark seconded a motion to approve the third extension on the volume cap of \$9,000,000 for Action Commercial Park. The motion carried unanimously.

OTHER BUSINESS AND ADJOURNMENT

Housing and Economic Recovery Act of 2008 – Discussion

The Board asked if the new HERA Funding is subject to the primary rules for tax-exempt bonding. Chairman Walker stated it has its own set of rules, but the basic usage of the money is the same with some specific instructions. One is that the CarryForward time is two years instead of three. In the December PAB Board Meeting any unallocated volume cap from this account will be CarryForward to another account so as not to lose this valuable funding source for multi-family housing projects.

The next regularly scheduled meeting of the Private Activity Bond Authority Board will be held on Wednesday, December 10, 2008, at 9:00 a.m., at the Department of Community and Culture, 324 S. State Street, Suite 500, Conference Room #501, Salt Lake City, Utah.

The meeting adjourned at 10:12 a.m.

Submitted by:
Sanobi Johnson